

FROM: Department of General Administration, Division of Banking
(Name of Agency)

TO: CODE REVISER
LEGISLATIVE BLDG (Southwest Corner, Ground Floor)
Olympia 98501

The enclosed Permanent rules , being order No. 21
Emergency rules
relating to (Name of rules or description of subject matter)

NEW Chapter 50-28 WAC. Application and investigation for new state banks and trust companies. Purpose, operations and procedure, policy and guidelines, fees, field investigation, adoption of form, Appendix I.

(ALTERNATIVE A. Use only for adoption of permanent rules)

pursuant to Notice No. 4145 ^① filed with the code reviser on 7/6/73 ^② were regularly adopted as permanent rules of this agency at Olympia, Washington on 8/6/73 and are herewith filed in the office of the code reviser pursuant to chapter 34.04 RCW. The effective date of such rules shall be 9/7/73. ^③

(ALTERNATIVE B. Use only for adoption of emergency rules)

pursuant to its finding that the immediate adoption of these rules is necessary for the preservation of the public health, safety, or general welfare and that observance of the requirements of notice and opportunity to present views on the proposed action would be contrary to the public interest, were regularly adopted as emergency rules of this agency at _____ on _____ and are herewith filed in _____ (place) (date) the office of the code reviser pursuant to chapter 34.04 RCW.

The undersigned hereby certifies that the requirements of chapter 34.04 RCW and of the Open Public Meetings Act of 1971, chapter 42.30 RCW (1971 ex.s. c 250) have been fulfilled.

Dated this 6th day of August 1973.

Department of General Administration
Division of Banking
(AGENCY)

William L. Hart
By William L. Hart
Supervisor of Banking
Title

STATE OF WASHINGTON
FILED
AUG - 6 1973
CODE REVISER'S OFFICE
DOCKET # 5105 FILE # 111

- ① NOTICE NUMBER AS APPEARS ON THE COPY OF NOTICE RETURNED TO YOU BY REVISER'S OFFICE (IF PROCEEDINGS WERE CONTINUED, USE NO. OF LAST NOTICE)
- ② STAMPED DATE AS APPEARS ON THE COPY OF NOTICE RETURNED TO YOU BY REVISER'S OFFICE (IF PROCEEDINGS WERE CONTINUED, USE DATE OF LAST NOTICE)
- ③ UNLESS A LATER DATE IS SPECIFIED IN THIS ORDER OR IS PRESCRIBED IN ANOTHER STATUTE, RULES ARE EFFECTIVE 30 DAYS AFTER FILING: RCW 34.04.040. LEAVE THIS SPACE BLANK EXCEPT IN SUCH SPECIAL CASES.

STATE OF WASHINGTON
DEPARTMENT OF GENERAL ADMINISTRATION
DIVISION OF BANKING

ADMINISTRATIVE ORDER NO. 21

(1) I, William L. Hart, Supervisor, Division of Banking, Department of General Administration, an agency of the State of Washington, by virtue of the authority vested in me under chapter 34.04 RCW, RCW 43.19.040, RCW 30.04.030, RCW 30.08.020, section 4, chapter 104, Laws of 1973, 1st ex. sess., Title 30 RCW, and chapter 104, Laws of 1973, 1st ex. sess., after filing Notice No. 4145 with the Code Reviser, and mailing the notice to all persons who had made timely requests of the Division of Banking and of the Department of General Administration for advance notice of its rule-making proceedings, and giving public notice as provided in chapter 42.30 RCW, held a meeting open to the public at the Office of the Supervisor of Banking, 111B General Administration Building, Olympia, Washington, on August 6, 1973, at 9:30 a.m., and after considering all written and oral comments, do promulgate and adopt the annexed rules and regulations, to wit: NEW WAC Chapter 50-28, as permanent rules of this agency.

(2) This order, after being first recorded in the Order Register of this agency, shall be forwarded to the Code Reviser for filing pursuant to chapter 34.04 RCW and chapter 1-12 WAC.

APPROVED AND ADOPTED ON August 6, 1973.

By William L. Hart
William L. Hart, Supervisor
Division of Banking
Department of General Administration

NEW WAC 50-28-010 PURPOSE. The purpose of this chapter shall be to provide persons desiring to incorporate a bank or trust company with the requirements and guidelines necessary to comply with statutory provisions and to insure expeditious processing of a notice of intention to organize a bank or trust company.

NEW WAC 50-28-020 OPERATIONS AND PROCEDURES. A notice of intention to incorporate a bank or trust company shall be filed with the supervisor at the division of banking in Olympia. As a matter of general procedure, it has been found desirable and is recommended that interested groups visit the office of the supervisor for a round-table discussion of statutory and other requirements, the forms, documentation and general information needed, the fees payable to the supervisor of banking and the secretary of state, plus a general discussion of the primary market area the applicants wish to serve and of economic resources of that area together with a brief review of existing financial institutions now serving that area.

NEW WAC 50-28-030 POLICY AND GUIDELINES. The notice of intention to organize a state bank or trust company shall be filed with the supervisor in duplicate, on a form furnished by the division of banking. It is the established policy of the division of banking to require diligent and timely completion and submission of forms, schedules, surveys, economic studies, maps and all supporting data deemed necessary and required to conduct the statutory investigation. For the purpose of expediting the investigation and correlating said investigation with that of the Federal Deposit Insurance Corporation, in the event deposits of the proposed bank or trust company are to be insured by that agency, the schedules, statements and supporting data shall be organized under six basic general headings or factors:

- (1) Financial History and Condition.
 - (a) Pro forma statement of condition - beginning of business.
 - (b) Premises to be occupied by proposed bank, whether owned or leased, whether permanent or temporary, details as to description, costs, from whom purchased or leased, insurance coverage, estimated annual depreciation. If property is to be purchased or leased from a director, officer, a large shareholder, or an interest of any such, complete details should be furnished.
 - (c) Details as to proposed investment in and rental of furniture, fixtures and equipment.
 - (d) Relationships and associations with proposed bank of any of the sellers or lessors of land, buildings or equipment, either directly or indirectly.
 - (e) Organization expenses (which should not be borrowed from any source) - complete and detailed accounting is required for all expenses related to organization, including detailed account of actual legal work performed together with any additional costs anticipated prior to opening or costs incurred or work performed during the organization period for which disbursement has been deferred beyond the opening date.
- (2) Adequacy of the Capital Structure.
 - (a) Proposed allocations within total capital structure.
 - (i) Amount of paid-in common capital stock (No. shares x par value).
 - (ii) Amount of paid-in surplus.
 - (iii) Amount of paid-in undivided profits.
 - (iv) Amount of other segregations, including the organization or expense fund, if planned.
 - (b) Minimum capital requirements of state law (chapter 30.08.010 as amended by chapter 104, Laws of 1973).
 - (c) The adequacy (deemed reasonable) of the proposed capital structure is evaluated, in part, by:

(i) The population of the community to be served.

(ii) Ratio the projected net total capital structure will bear to the estimated volume of deposits at the end of each of the first three years of operations.

(3) Future Earnings Prospects. A detailed projection of earnings and expenses is to be submitted showing the breakdown of income and expenses for each of the first three years of operations. Provision should be made for the bad debt reserve (loan losses) based upon the major types of loaning demands the proposed bank expects to serve and total loans expected by the end of the first, second and third years of operations.

(4) General Character of Management.

(a) A financial report and a biographical report for each officer and director is required together with a report by each officer and director stating the number of shares to be purchased, the total cost of such shares and details as to source and financing terms for such portion as not paid in cash. (If disclosure of any of the proposed officers would jeopardize current employment, include the information in a special "CONFIDENTIAL SECTION").

(b) The subscribers (proposed shareholders) are to be listed alphabetically with name and address, occupation and number of shares being purchased indicated by number of shares and total subscription price. The list should indicate "D" for the directors designee, "O" for officers.

(c) For any subscribers for 5% or more of the proposed capital stock, the financing terms are required as for directors and officers.

(d) The membership of the committees of the directorate are to be designated and duties outlined, including:

(i) Loan and/or executive committee.

(ii) Investment committee.

(iii) Audit committee.

(e) Management of the proposed bank will report:

(i) Name of principal correspondent bank or banks and basis upon which the selection was made.

(ii) Determination that sufficiency of surety bond coverage conforms with generally accepted banking practices.

(f) Any changes contemplated in the proposed directorate or active management during the first year are to be reported, or, if none, so state.

(5) Convenience and needs of the community to be served.

(a) Applicants have the responsibility of developing as fully as possible the economic support and justification for the proposed bank including:

(i) The community and "surrounding country" (the trade territory or market area) which the proposed bank will serve, including the geographic boundaries within which all or most of the bank's potential customers reside.

(1) Furnish a detail map of such area pinpointing and indexing each financial institution (banks and savings and loan associations and mutual savings bank, whether head office or branch office).

(2) Provide list or recapitulation of subscribers residing in or closely identified with the area to be served.

(3) Provide estimates of the total deposits anticipated during the early period of operations together with totals expected by the end of each of the first three years. The latter should be segregated:

(a) Demand deposits.

(b) Savings passbook accounts.

(c) Other time deposits.

(d) Public funds.

(e) Recapitulation as to total demand and total time.

(4) The economic characteristics of the trade territory specified above for the most recent five-year period where possible....including manufacturing, agricultural and other industrial data, construction activity, retail and wholesale sales, housing starts, school population, census

figures and projections.

(5) Such additional data relating to the trade area considered relevant and indicating support for the proposed bank as may be obtained from such sources as local offices of utilities, planning commission, chamber of commerce or trade associations, traffic surveys, county auditor, title insurance company, etc. (In the event an economic survey or feasibility study has been prepared it may provide most of the information needed.)

(ii) List principal business and industries of the market area by name of company, type of business, average number of employees, approximate annual payroll and annual sales. If significant, furnish details as to public employment of the area, including schools, military, U.S., state, county, municipal or other.

(b) List all banks, branches, trust companies, mutual savings banks and branches, together with savings and loan associations presently serving in the proposed market area and surrounding country, including any authorized but unopened offices, indicating "N/A" for information determined unobtainable:

(i) Name of the financial institution.

(ii) Location.

(iii) Distance (road miles or city blocks) from proposed site.

(iv) Direction from site.

(v) Date established.

(vi) Date of latest statement available.

(vii) Deposits: Demand, time and total.

(viii) Loans: Commercial, consumer, real estate secured and total to extent available.

(6) Consistency of Corporate Powers. In addition to the proposed articles of incorporation submitted with the notice of intention to organize, the proposed by-laws should be submitted together with articles of incorporation and complete details for any proposed affiliate (i.e., a premises holding company).

NEW

WAC 50-28-040 FEES. The filing fee to accompany the notice of intention to organize a bank or trust company shall be that established by WAC 50-12-040, as now or hereafter amended. If the application is withdrawn by applicants before a field investigation is undertaken a refund will be made based upon retention of that portion deemed adequate to cover processing and preliminary investigation costs. The retained portion shall be the greater of:

(1) \$500.00, or

(2) Estimated number of hours times the current hourly rate as established by WAC 50-12-040 as devoted to processing and preliminary review and investigation.

NEW

WAC 50-28-050 FIELD INVESTIGATION. The required field investigation will be undertaken promptly upon submission of the notice of intention to organize a bank or trust company accompanied by statutory fees, provided the required documentation is determined by preliminary review to be complete in all respects. If, in the judgment of the supervisor, matters of substantive nature are missing or incomplete the notice of intent to organize and submitted documents may be returned to the correspondent of record. If the matters deemed incomplete be of relatively minor nature the applicants may be notified in writing thereof and given a reasonable time to make corrections or submit additional information or schedules required. For purposes of § 5, chapter 104, Laws of 1973, 1st ex. sess. (RCW 30.08.030), a notice of intention to organize a bank or trust company shall not be deemed to be received by the supervisor unless and until all of the information required by the supervisor has been provided to him.

NEW

WAC 50-28-060 ADOPTION OF FORM. The division of banking hereby adopts for use of all persons requesting permission to organize a state bank or trust company, the form attached hereto as Appendix No. 1, entitled "Notice of Intention to Organize a State Bank or Trust Company".

* _____
* _____
* _____
* _____
* _____
* _____

Enclosure: \$2,000 Cashier's Check
Payable to the Supervisor
of Banking

(*) Please type name under signature.

APPENDIX 1

NOTICE OF INTENTION TO ORGANIZE A
STATE BANK OR TRUST COMPANY

To the Supervisor of Banking:

We, the undersigned, as proposed incorporators and subscribing shareholders, being natural persons and citizens of the United States of America, make application for permission to organize a

_____ under the title of
(state bank or trust company)

_____ to be located in

_____, County of _____,

State of Washington, with capital stock of \$ _____,

surplus of \$ _____, and undivided profits of

\$ _____.

We submit herewith the proposed articles of incorporation for examination together with all such data, information, schedules, maps and supporting documentation specified by statute and regulations as necessary and required to conduct the statutory investigation.

We enclose Cashier's Check for \$2,000 to apply upon the statutory cost of investigation. If the cost of the investigation to be made exceeds \$2,000, we agree to pay such excess in accordance with WAC 50-12-040.

We designate _____,

whose address is _____,

as correspondent of record, to receive all instructions and correspondence in connection with this application.

SUBSCRIBED at _____, Washington,

this _____ day of _____, 19__.